Council adopts tax increment district

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Downtown Rapid City is now a tax increment district, which means it has the potential to channel a share of property tax revenue that comes out of the district back into it for public improvement projects.

Over the objections of school officials, who called for more information on how tax increment financing works, the Rapid City Common Council adopted a resolution Monday night establishing the district between East and West boulevards and Omaha and Columbus streets.

Excluded from the district are residential property, National College, the Federal Building, First Federal Savings & Loan, Prairie States Life Insurance Co. and the Knecht and Albertson’s developments at Omaha and West Boulevard.

Property within that district, including 333 structures, has an assessed valuation of $43 million.

According to City Attorney Ray Woodsend, additional revenue due to rising values on that property would finance public projects — such as paving, parking and water and sewer lines — that together benefit the whole district and strengthen its property values and tax base.

But before tax increment financing goes into effect, state revenue officials must set an aggregate assessment of property within the district and the city must adopt a plan for public projects designed to alleviate “blight.”

"The implementing document is the plan," Woodsend emphasized. "There is no impact until you adopt a plan."

Rapid City School Superintendent Dr. Robert Fallon questioned whether the city would gain enough tax increment money to offset what schools and other taxing entities would lose.

"I can't see what you’re going to get out of it," said Fallon. "The school board is generally opposed to it because of the tax loss to the district."

Fallon said his calculations indicated the tax increment district would get only $25,000 a year while the school district alone would lose $17,000, assuming property appreciation by 3 percent a year and a projects plan is adopted.

Alderman Guy Edwards replied that a rise in property values of 3 percent a year is a citywide average. In the downtown area, property values are static or deteriorating. That’s a problem that financing projects by tax increment money is supposed to help solve, he said.

Fallon said school officials would like to hear more on how it works.

“We haven’t seen any of your data yet,” he said. “We’d be very appreciative of getting any data on property appreciation or depreciation in the area.”

In other action Monday, the council: Raised the fine for parking in a handicapped zone without a handicapped sticker on the vehicle from $4 to a basic $25, which could go up to $100.

Contributed $15,000 toward a $30,000 to $50,000 study to determine the feasibility of building a state cultural heritage museum in Rapid City.

Several cities across South Dakota are bidding for the $2.5 million Gov. Bill Janklow proposes putting into such a museum.

Authorized the Rushmore Plaza Civic Center Board to become a promoter of events held there, including the “Greatest Stars of Rock ‘N Roll!” — Fabian, Dee Clark, The Diamonds — during Dakota Days Band Festival May 24-26.

Opened the way to advertise city hall for sale as soon as a new municipal building is built and dates set to move out of present offices at 22 Main St.

Recommended contributing $8 an hour up to $5,000 a year to pay a county air quality specialist.

Vacated a section of city street entering Black Hills Packing Co. grounds on condition the company pay for a foot bridge across Rapid Creek to "Founders Park" if the city ever requires it. Black Hills Pack President John Howard said the company wants to close the street so it can expand facilities and improve security.

Continued a hearing on a plan by the Supreme Courts Racquetball and Fitness Club and dentist Ray Loftus to share an expanded parking lot on Jackson Boulevard.